

MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
JULY 14, 1994
CHICAGO, ILLINOIS

A Regular Meeting of the Illinois Gaming Board was held on July 14, 1994. The meeting was held in Room 500 C of the State of Illinois Building, 160 North LaSalle Street, Chicago, Illinois. The meeting was held pursuant to previous Board action and notice was duly and timely given to each Board Member and the general public in conformity with the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt, J. William Roberts and Robert F. Vickrey.

Additionally, Interim Administrator Joseph F. McQuaid, Chief Legal Counsel Donna B. More, the media and the general public were in attendance.

Chairman Johnson called the meeting to order at 9:33 A.M.

Member Pyatt moved that pursuant to the Open Meetings Act, 5 ILCS 120/2 (g), (h) and (k) that the Board retire to Closed Session to consider the following subject matter:

1. Staff reports regarding Supplier Licensees
2. Staff reports regarding Occupational Licenses
3. Matters concerning Owners Licenses that were confidential pursuant to the Open Meetings Act
4. Recommendations of the Administrative Law Judge
5. Investigatory matters
6. Personnel matters, and
7. Procedures of the Board.

Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 9:34 A.M.

The Illinois Gaming Board reconvened in Open Session at 12:21 P.M. Members Johnson, Browder, Pyatt, Roberts and Vickrey were in attendance.

The first order of business concerned the approval of minutes.

Mr. Roberts moved that the Minutes of May 17, 1994 be approved as submitted. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned the Administrator's Report. The Chairman recognized the Interim Administrator.

Mr. McQuaid presented monthly reports concerning cruise disruptions and underage gambling. Questions were raised concerning cruise disruptions by Casino Queen, Inc. and other licensees. Mr. Browder noted that all licensees

had experienced cruise disruptions in excess of twenty percent of scheduled cruises.

James Nelson reported, on behalf of the Administrator, that the General Assembly had recently adjourned its spring session. He stated that no substantive legislation had been enacted and that the Board's fiscal year 1995 operating budget request had been approved. Mr. Nelson also noted that the General Assembly had approved an increase in transfer authorizations to local governments and the Educational Assistance Fund.

Nicholas Wilke reported, on behalf of the Administrator, that a request had been received from supplier licensee IGT - North America to operate a linked progressive electronic game with pay-out guaranteed by IGT in return for a six percent profit on wagers placed. Mr. Wilke stated that staff had several questions about the proposal and was requesting direction. The Board directed staff to ask IGT and interested owner licensees to appear at the September, 1994 meeting.

The next order of business concerned updates from applicants found suitable for licensing. The Chairman recognized Elgin Riverboat Resorts.

Mr. Dan Azark appeared on behalf of the applicant. He told the Board that work continued on the docksite and that the proposed vessel was scheduled to be launched on July 16, 1994. He also stated that Elgin Riverboat Resorts had received some 6000 employment applications. Mr. Azark stated that the applicant had submitted their selection for an accounting firm and requested Board approval.

Mr. Roberts moved that the request of Elgin Riverboat Resorts to select Coopers & Lybrand as the financial statement auditors for Elgin Riverboat Resorts be approved. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned issues of owner/licensees. The Chairman recognized Hollywood Casino - Aurora, Inc.

Mr. Richard Knight, President, appeared on behalf of the licensee. He told the Board that dredging of the Fox River would be completed by October, 1994. He also updated information regarding the construction of a new vessel noting that a \$4 million contribution had been made by the parent entity of Hollywood. Mr. Knight also informed the Board that the licensee would seek Board approval at the September, 1994 meeting of a financing plan for a new vessel. Mr. Knight also told the Board that due to dredging and equipment problems, that Hollywood had experienced higher than usual cruise disruptions.

The Chairman next recognized Casino Queen, Inc.

Mr. John Janicik, attorney, appeared on behalf of the licensee. He told the Board that Casino Queen had experienced a high number of cruise disruptions and cancelations due to "red tagging" of the vessel's fuel system by the U. S. Coast Guard. At the request of the Board, Casino Queen will submit a written report detailing cruise disruptions and cancellation since July, 1993. Mr. Janicik also requested immediate consideration of a refinancing plan that would restructure the \$17 million debt of Casino Queen, Inc. The purpose of the restructuring was to provide for a scheduled payment of outstanding debt.

Ms. Pyatt moved to suspend applicable policy for the immediate consideration of a refinancing proposal received from Casino Queen, Inc. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Roberts moved that the Board approve Casino Queen's request to restructure its debt through a refinancing plan with Harris Bank as provided in the documents submitted to the Board. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman next recognized Jo Daviess Riverboat Joint Venture.

Mr. Joe Duelman appeared on behalf of the licensee. He told the Board that attendance was down 20% and that adjusted gross revenues were down 25%. He stated that the reason for the decline was that Iowa had significantly changed their statute; removing bet and loss limits and allowing continuous ingress and egress. Mr. Duelman requested the Board to take action to provide relief.

The Chairman next recognized Rock Island Boatworks.

Mr. Frank Pedulla and Mr. Michael Ficaró appeared on behalf of the licensee. They told the Board that attendance and revenues had declined by 35%. They requested the Board to immediately file a proposed emergency rule sent to the Board by D. James Jumer on July 12. Mr. Pedulla stated that if the Board did not adopt the proposal that Casino Rock Island would reduce their work force by 15% on July 15, 1994. It was noted that 14% of the city of Rock Island's revenues were at stake as were some 1400 jobs.

There was extensive discussion regarding the requirements of the Riverboat Gambling Act that gambling not be conducted while a vessel was docked. The proposed emergency rule would have extended ingress and egress to 2 1/2 hours during a three hour cruise. Mr. Nelson reviewed a proposal that was pending before the General Assembly. Mr. Ficaró stated that it was the intent that Casino Rock Island would continue to cruise. It was noted that after Iowa changed their law, attendance on Casino Rock Island dropped from 65% to around 50% of passenger capacity.

Mr. Vickrey moved that the Board suspend the appropriate policy for the immediate consideration of the request received from Rock Island Boatworks.

The motion failed for lack of a second.

The matter was deferred to the next meeting of the Board.

The Chairman next recognized Alton Gaming Company.

Mr. J. Thomas Long appeared on behalf of the licensee. He presented a Licensing Renewal Presentation which set forth the benefits produced for the state and Alton by the riverboat gaming licensee during the past three years. The report included several letters of endorsement from local community leaders.

The Honorable Robert W. Towse, Mayor of Alton, Illinois appeared and requested favorable consideration for license renewal. Mayor Towse discussed

elements of economic development occurring in Alton and the projects that the city had funded with gaming tax revenues.

Further consideration of the matter was deferred to the next meeting of the Board.

The next order of business concerned Supplier Licenses.

Ms. Pyatt moved that the Board approve the renewal of supplier's licenses for the following entities:

IGT - North America
Paul-Son Gaming Corporation
Universal Distributing of Nevada, Inc.

Mr. Browder seconded the motion. Mr. McQuaid stated that staff recommended renewal. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned Occupational Licensing.

Mr. Vickrey moved that the applications received from Arnold Block, Larry Trent and Ronald Scheiwe for Occupational License, Level 1 be approved. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board accept the staff report and recommendations and approve applications received for Occupational License, Levels 2 & 3. It was noted the motion included 251 Level 2 and 615 Level 3 applications. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board accept the staff report and recommendations and deny applications received for Occupational License, Levels 2 & 3. It was noted the motion included 8 Level 2 and 39 Level 3 applications. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned administrative hearings.

Ms. Pyatt moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendations of the Administrative Law Judge and deny applications for occupational licenses for the following individuals:

Raymond Costello

Gloria Dryden
Glenford Earl
Michael Ennis
Robert Goldman
Joseph Morello
Elizabeth Soule
Jason Whitson
Kimberly Willis.

Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and permanently exclude Isidro Gromio from all Illinois gaming operations. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board grant Paula Round leave to reapply for an occupational license within one year from the date of her December, 1993 denial. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board grant Sherry Boyer leave to withdraw her request for hearing and to reapply for an occupational license within one year of July 14, 1994. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board deny James Trammel's request for hearing as his request was not filed within the statutorily mandated time period. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned Pending Investigations.

The Chairman noted that staff had reviewed the status of on-going investigations during Closed Session and had presented final reports of two investigations.

Mr. Roberts moved that the Complaint for Disciplinary Action, 94-DC-9, involving Mark Gilbert be issued and that the Board revoke Mr. Gilbert's Occupational License, Level 3. Mr. Gilbert was arrested and convicted of retail fraud, a crime involving dishonesty. Mr. Gilbert did not disclose this arrest and conviction on his license application. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Roberts moved that the Complaint for Disciplinary Action, 94-DC-10, involving Par-a-dice Gaming Corporation be issued and that Par-a-dice Gaming Corporation be fined in the amount of \$110 thousand. The complaint involved a November, 1993 loan agreement that Par-a-dice Gaming Corporation entered into with the First of America Bank. Par-a-dice Gaming Corporation entered into the loan agreement without receiving prior Board approval. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned new and amended application forms. The Chairman recognized the Chief Counsel.

Ms. More presented revised applications for owner's licenses, personal disclosure forms 1, 2 & 3 and the owners renewal application form. She noted that the recommended revisions included both technical and substantive changes. The Chairman noted one grammatical error and instructed staff to make the necessary correction.

Mr. Vickrey moved that the Board approve the revised application forms as corrected, which included the owner's application and the personal disclosure forms 1, 2, & 3; and the owner's renewal application form. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was New Business.

The Chairman announced and congratulated Member Pyatt on her re-appointment and confirmation as a member of the Board.

Chief Legal Counsel Donna B. More was recognized and congratulated for her service to the Board. The Chairman noted that Ms. More would leave Board employment on July 15, 1994 for the private sector.

There being no further business to come before the Board, Mr. Roberts moved the Board stand adjourned. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board stood adjourned at 3:11 P.M.

Respectfully submitted,

James A. Nelson
Secretary of the Board

